

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C.



REPLY TO
ATTN OF:

OSA-1509-66
#A-84-66

SUBJECT:

REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

TO:

5 April 1966

SUBJECT: Report on Final Audit
General Dynamics Corp.
Fort Worth, Texas
CPFF Contract No. CS-1912
Task Order Nos. 15, 16, 17, and 18

TO : Contracting Officer

REF : 15 Feb 66 OSA-0803-66 Request

1. This is the final audit report for the four subject CPFF Task Orders for which the contract estimated costs plus fixed fee are shown on Exhibit A. Also shown is the total allowable cost, based on audit charges previously billed, and the cost and fee yet to be billed in their completion voucher.

Allowable costs were based on Part 2, Section XV, ASPR and other contractual provisions. Recommended burden rates were obtained from the resident DCAA auditor who agreed with the burden rates used by the Contractor in their total final cost figures.

2. At this time, there are no known unclaimed wages, unclaimed deposits, unrepresented checks or potential credits or refunds due as a result of costs incurred under the task orders.

3. The status of residual inventory and/or Government-owned property, if any, should be resolved for finalization of these task orders.

4. Upon resolution of the \$3,500 difference relating to Task Nos. 15 and 16, the resultant final amounts for all tasks will then permit the contractor's submission of required final task closing documents.

20 Apr. 1966

Request to Audit Liaison, for Final Property Audit Report.

On file USAF release

instructions Approved For Release 2002/10/21 : CIA-RDP67B00820R000200290002-1

5. It is noted that the contractor has experienced underruns, some significant, on all the subject tasks. This same condition also occurred on all of tasks 1 to 14 wherein certain underruns approximated 40+% of original total costs. The result, of course, is a considerably higher fixed fee (profit) rate than was originally contemplated in establishing the task order estimated costs and fixed fee. A closer analysis of the contractor's proposed estimated costs/fee would possibly preclude this occurrence.

25X1A



Auditor General Representative (APL)

BEST COPY

AVAILABLE

Approved For Release 2002/10/21 : CIA-RDP67B00820R000200290002-1

25X1A

Approved For Release 2002/10/21 : CIA-RDP67B00820R000200290002-1

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C.



REPLY TO
ATTN OF:

OSA-3366-66
#A-214-66

SUBJECT:

REPLY TO:
Audit Liaison Office
P.O. Box 815
S.W. Station
Washington, D.C.

TO:

18 August 1966

SUBJECT: Report on Final Property Audit
General Dynamics
Ft. Worth, Texas
CPFF Contract CS-1912, Task Orders 1 through 18

TO : Contracting Officer

REF : 18 April 1966 OSA-1645-66 Request for Audit

1. The contractor did not maintain property records on the subject contract. The contractor states that some Customer furnished property has been hand carried to and from the plant by the Customer without any receipt or other appropriate documentation being issued. This situation did not and does not enable an exact audit determination of the status of Government Furnished Property. However, an inventory was taken by the contractor. Also, the auditor reviewed all material expenditures.

2. The findings are stated as follows:

a. Original documentation for material expenditures showed that relatively few capital type items (ones having a residual value) were purchased. Those purchased were added to other major components.

b. The cockpit simulator mentioned in paragraph 4 of reference was fabricated under an Air Force contract and is accountable under that contract. Some of the subject Task Orders added items to the cockpit simulator but not at significant cost.

c. The contractor investigated the possession of a digital computer, range \$10 to \$15 million, supposedly made available by the USAF, and states that nothing was found that would be accountable under Contract CS-1912.

-2-

25X1A

d. System 14-A was a breadboard system furnished by the Customer, but was removed by an ECM vendor prior to January 1965. [redacted] advised that the Customer's technical personnel knew the present location of System 14-A. The contractor does not maintain accountability for this system.

e. There is a System 13-C presently at General Dynamics, loaned to them for TWS tests. It was furnished on loan by the Customer and the contractor ~~assumes~~ that the same person intends to pick it up.

f. The following items will be utilized in Task Order 20:

(1) System 9-A which was received on a GBL and is on loan to the contractor for AI tests.

(2) Optical Simulator which is being fabricated under B66-2.

3. Informal, or jacket type, records have now been set up and will be maintained for Task Order 19 and other future Task Orders.

25X1A

[redacted]
Auditor General Representative (APL)

OSA-1645-66
Copy 1 of 3

18 April 1966

MEMORANDUM

TO : Audit Liaison Office

FROM : Contracting Officer

SUBJECT : Request for Final Property Audit CPFF
Contract No. CS-1912, Task Orders Nos. 1
through 18, General Dynamics, Ft. Worth,
Texas

REFERENCE : OSA-1509-66

1. As you know, we are in process of settling CPFF Contract CS-1912, Task Orders Nos. 1 through 18. These task orders have all been completed and final audit of costs has been made.

2. In order to effect settlement, we request that a final property review be made to establish the contractor's accountability for Government Furnished Property delivered under subject task orders.

3. We suggest that any property which is residual to performance under Task Orders Nos. 1 through 18, be transferred to the Basic Contract, if its continued use is necessary to performance under the current (open) Task Order No. 19. For your information, Task Order No. 19 contains all sub-tasks authorized during FY-66. FY-67 work will be authorized under Task Order No. 20. Accordingly, as each Task Order subsequent to Task Order No. 18 is completed at the end of its respective fiscal year, we will be able to facilitate closing, (of each T.O.) if residual GFP is transferred to the Basic Contract and accountability in the future maintained thereunder, assuming, of course, its continued necessity in the contractor's performance.

4. The circumstances under which the contract has been administered together with the somewhat extended life of the contract, make it difficult to furnish much detailed information regarding GFP. Discussions with the technical monitor

indicate some sort of a joint effort and/or support by the Customer and the Air Force. I am informed that certain systems (9-A, 13, 24-A) in addition to a cockpit simulator were generated under the contract; there may be other items. Also, the status and control should be established of certain major units of equipment which are in use in performance of the contract (digital computer, range \$10-15 million, etc.,) which I believe were made available by the Air Force, but are not necessarily controlled, for property purposes, under this contract.

5. In view of the peculiar circumstances surrounding the property, the auditor who is assigned to this audit should be thoroughly briefed to assure that a flap will not result from any area of inquiry he may pursue. I suggest that he discuss the potential security problem with cleared contractor representatives and use their assistance and guidance to this end. I believe the auditor already has a contact at the Plant, [redacted] Either he or [redacted] would be considered suitable in the circumstances.

25X1A

25X1A

25X1A

Jr
[redacted]
CH/CD/OSA

